

INSIDE COMMERCIAL REAL ESTATE

Tall TV tower may increase traffic, and tourist money, in Streeterville

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248583

October 26, 2005

For the venture proposing a 2,000-foot-tall broadcast tower for a site near Navy Pier, arranging financing could be the easiest part of the project.

"Traffic is the No. 1 concern," said Jim Houston, president of the Streeterville Organization of Active Residents, a vocal neighborhood group expected to closely scrutinize the development.

Developer J. Paul Beitler and LR Development Co. on Tuesday confirmed plans for the tower on a site along Lake Shore Drive between Illinois Street and Grand Avenue. The proposed tower, with its observation deck and restaurants, raises different concerns than the condominium towers already under construction in the area, Houston said.

"It's an Eiffel Tower type situation," he said.

The Metropolitan Pier and Exposition Authority, which runs Navy Pier, will also take a close look at congestion problems, said Theodore R. Tetzlaff, chairman of the authority. But the proposed tower could fill in a sightseeing gap between Michigan Avenue and the pier.

"Anything we can do to properly expand the attractions as people move down to the pier would be good for the people that visit us," he said.

The tower may not increase the number of tourists to Navy Pier as much as increase what they spend in the area, said Beitler, president and chief executive of the Chicago-based real estate firm that bears his name.

While agreements must still be signed with broadcasters, Chicago-based LaSalle Bank and pension fund National Electrical Benefit Fund have expressed interest in financing the project, he said.

Nokia store: Nokia Corp. is developing a flagship retail concept that would be located at 545 N. Michigan Ave., according to sources familiar with the mobile telephone giant's plans.

The store would be much larger than the Nokia Experience Center kiosks that began rolling out in major malls earlier this year, sources said. Like the experience centers, the retail store would

give shoppers a hands-on opportunity to try out Nokia's latest products. But customers could actually buy the products at the store, unlike experience centers, which measure just 200 square feet.

A Nokia spokesman declined to comment. The 545 N. Michigan building is owned by a venture that includes Los Angeles real estate executive Daniel Blatteis, who could not be reached.

The exact status of the deal with Blatteis could not be determined, but Nokia would take all of the 3,500 square feet of street-level space formerly occupied by retailer Timberland Co., sources said.

Industrial market: The industrial market slowed down during the third quarter, after a rapid-fire second quarter in which leasing activity was near all-time highs, according to a report by Colliers Bennett & Kahnweiler Inc. "There were expectations that we would continue the momentum that had been established, but there wasn't as much depth to the marketplace," said David Bercu, a principal in the Rosemont real estate firm, who predicts the slower pace will continue through the fourth quarter.

The amount of leasing activity during the quarter fell by 3.75 percent, to 8.7 million square feet, during the quarter. Sales to users dropped by more than 18 percent, to about 5.5 million square feet, but are expected to snap back during the fourth quarter. Users are businesses that actually occupy the space, as opposed to investors.

Teachers' fund markets site: Real estate firm Jones Lang LaSalle Inc. has been hired to market 541 N. Fairbanks Ct., said Jon Bauman, executive director of the Teachers' Retirement System of Illinois, which owns the 541,600-square foot office building.

The largest tenant is the Chicago Park District, which has about 116,300 square feet of space under a lease that runs until 2011, according to research firm CoStar Group.

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Industrial market

Amid a slowdown, the vacancy rate for industrial space was 9.3 percent during the third quarter, virtually unchanged from 9.27 percent in the second quarter but lower than the 9.41 percent rate during third-quarter 2004.

3rd Qtr 2005*	Change	2nd Qtr 2005
Total space	1069.9	0.55%
Vacant Space	99.5	0.91%
Leasing	8.7	-3.75%
Sales	5.5	-18.7%
New Construction		
Build-to-suit	3.3	101.0%
Speculative	3.2	41.2%